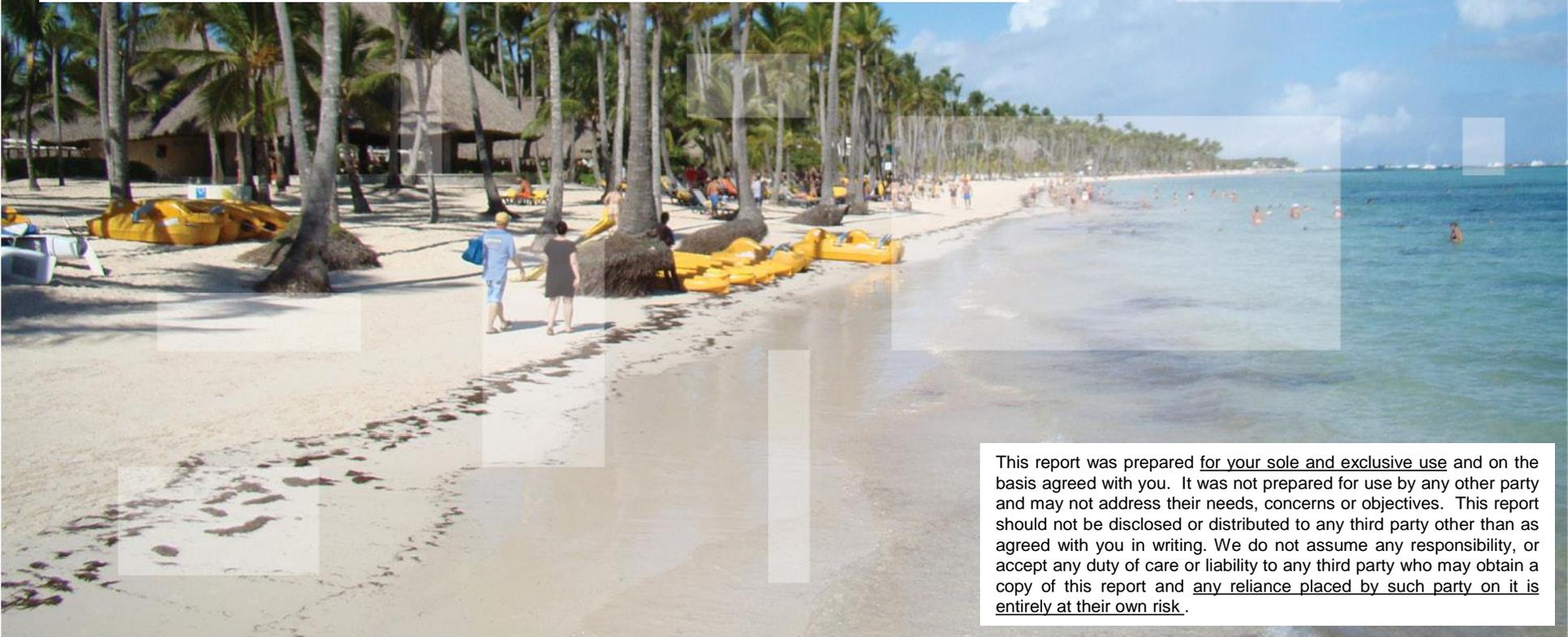


State of Delaware

SEBC Meeting: FY19 Planning

February 26, 2018



This report was prepared for your sole and exclusive use and on the basis agreed with you. It was not prepared for use by any other party and may not address their needs, concerns or objectives. This report should not be disclosed or distributed to any third party other than as agreed with you in writing. We do not assume any responsibility, or accept any duty of care or liability to any third party who may obtain a copy of this report and any reliance placed by such party on it is entirely at their own risk.

Agenda

- Long term cost projections
 - Cost reduction opportunities
 - Decision/vote on rates effective 7/1/18 (FY19)*
- COE RFP update

* Vote to take place after public comment

Long term cost projections

GHIP long term health care cost projections

FY18 Q2 update – with FY19 program changes¹ (as presented at 2/12/18 SEBC meeting)

GHIP Costs (\$ millions)	FY17 Actual	FY18 Recast Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected
Average Membership	123,132	124,613	124,613	124,613	124,613	124,613	124,613
GHIP Revenue							
Premium Contributions (No Change) ²	\$799.0	\$815.0	\$815.0	\$815.0	\$815.0	\$815.0	\$815.0
2020-2023 Rate Action + 2% annual premium increase ³	-	-	-	\$16.3	\$32.6	\$48.9	\$65.2
Other Revenues ⁴	\$81.6	\$83.5	\$86.9	\$91.2	\$95.8	\$100.6	\$105.6
Total Operating Revenues	\$880.6	\$898.5	\$901.9	\$922.5	\$943.4	\$964.5	\$985.8
GHIP Expenses (Claims/Fees)							
Operating Expenses	\$816.8	\$872.3	\$937.3	\$984.3	\$1,032.5	\$1,084.1	\$1,137.3
% Change Per Member		5.5%	7.5%	5.0%	5.0%	5.0%	5.0%
Excise Tax Liability ⁵	-	-	-	-	-	\$9.1	\$16.3
Adjusted Net Income (Revenue less Expense/Excise Tax)	\$63.8	\$26.2	(\$35.4)	(\$61.8)	(\$89.1)	(\$128.7)	(\$167.8)
Balance Forward	\$38.9	\$102.7	\$128.9	\$93.5	\$31.7	(\$57.4)	(\$186.1)
Ending Balance	\$102.7	\$128.9	\$93.5	\$31.7	(\$57.4)	(\$186.1)	(\$353.9)
- Less Claims Liability ⁶	\$54.0	\$58.9	\$63.3	\$66.5	\$69.8	\$73.9	\$78.0
- Less Minimum Reserve ⁶	\$24.0	\$24.0	\$25.7	\$27.0	\$28.3	\$30.0	\$31.7
GHIP Surplus (After Reserves/Deposits)	\$24.7	\$46.0	\$4.5	(\$61.8)	(\$155.5)	(\$290.0)	(\$463.6)

Note: FY17 Actual based on final June 2017 Fund Equity report.

¹ Includes approved design changes for site-of-care steerage for imaging/outpatient lab and COE services and proposed design changes for \$0 statin coverage and preventive 3D mammography effective 7/1/2018; assumes no additional program changes FY2020 and beyond.

² Includes State and employee/pensioner premium contributions and assumes no increase to premiums 7/1/2017 and beyond; premiums include 5% risk fee surcharge for participating non-State groups.

³ Includes State and employee/pensioner premium contributions and assumes premiums increase by 2% annually for FY20-FY23. Increases GHIP revenue by \$163m over 4 years.

⁴ Includes Rx rebates, EGWP payments, and other revenues. FY18 includes additional \$5.8M due to FY16 EGWP federal reinsurance reconciliation timing.

⁵ 40% excise tax on the value of employer sponsored health care coverage over specified thresholds starting CY 2022. Threshold assumed to increase at 2% annually.

⁶ FY18 Claims Liability and FY19 Minimum Reserve levels updated with data through December 2017. Future years assumed to increase with overall GHIP expense growth.

GHIP long term health care cost projections

Addressing FY20 funding deficit

- FY19 budget projection includes \$0.9m in savings based on the following SEBC approved initiatives:
 - Expanded site-of-care steerage and COE: \$2M savings
 - Waive copay (\$0 copay) for all generic statins for members in a certain age range: \$286k additional cost
 - Cover preventive 3D mammography at no cost to members: \$837k additional cost
- Net of these initiatives, **the State is expected to have a funding deficit of \$61.8m in FY2020**
- Deficit will need to be reduced through combination of premium increases, plan design changes, and new initiatives (i.e., adoption of surcharges, cost transparency tools, implementing HSA plan)
 - FY20 premium increase of 10% required to fully offset \$61.8m deficit assuming FY19 rates held flat (illustrative PPO/HMO rates with 10% increase shown below)

Illustrative FY20 Rates	FY18		FY19 - Hold Rates Flat			FY20 – Illustrative			
	Rate	Employee Contribution	Rate	Employee Contribution	% Increase over FY18	Rate	Employee Contribution	% Increase over FY19	EE Monthly \$ Increase
HMO									
Employee	\$725.94	\$47.16	\$725.94	\$47.16	0.0%	\$798.82	\$51.89	10%	\$4.73
Family	\$1,909.82	\$124.12	\$1,909.82	\$124.12	0.0%	\$2,101.57	\$136.58	10%	\$12.46
Comprehensive PPO									
Employee	\$793.86	\$105.18	\$793.86	\$105.18	0.0%	\$873.56	\$115.74	10%	\$10.56
Family	\$2,059.40	\$272.86	\$2,059.40	\$272.86	0.0%	\$2,266.16	\$300.26	10%	\$27.40

¹ Assumes FY19 rates held flat and a 2% premium increase in FY20 with no additional program changes in FY20

² Assumes 89% RBV plan with \$2,000/\$4,000 deductible (single/family), 80% coinsurance and \$1,000/\$2,000 HSA seed

GHIP Strategic Framework Goals:

- Addition of at least net 1 VBCD model by end of FY2018
- Reduction of gross GHIP trend by 2% by end of FY2020
- ▲ Enrollment in a CDHP or value-based plan >25% by end of FY2020

GHIP long term health care cost projections

Future savings opportunities: a *sampling* of ways to adjust or “shrink the pie”

Savings Opportunity	GHIP Goal	Member Impact		FY20 Savings Potential
		Requires education or engagement?	Scope of potential impact	
Active benefits enrollment	▲	Yes – Must complete enrollment process or risk being defaulted into alternative plan option	Would affect all benefits-eligible employees/retirees who do not take action during Open Enrollment	TBD based on default option
Engagement surcharge ¹	○ ▲	Yes – members must be aware of engagement requirements in order to avoid surcharge	Potential for members to pay more if they do not engage in required programs	\$8.4m-\$20.9m
Plan design changes for current plans ²	○	Yes – Employees need to be aware of plan design changes and how those would affect their out-of-pocket cost for coverage under each plan option	Potential for higher member out-of-pocket cost sharing at point of care	\$6.4m <i>(Opportunity for significantly higher savings as well)</i>
Implement HSA plan ³	○ ▲	Yes – Requires all employees to understand this plan option’s impact on their total out-of-pocket costs as influencer of which option is elected. For enrollees, requires understanding of how the plan works (including the HSA)	For those enrolled in the plan, potential for higher member out-of-pocket cost sharing at point of care and ability to leverage tax-advantaged account (HSA) to save and pay for medical expenses	\$1.5m for 6 months (implementation of full replacement yields savings of \$27.6m for 6 months)
Tobacco surcharge ⁴	○	Maybe – Depends on “default” option if member doesn’t self-identify as tobacco user	Tobacco users would pay higher payroll contributions as a result of their tobacco use	\$4.2m
Cost transparency tools	○ ▲	Yes – Must be aware such tool exists in order to benefit from it. For the State, plan design changes would be a significant driver of member utilization	No negative impact to member cost if member doesn’t use tool	TBD based on program design and degree of member engagement / utilization

¹ May require legislative change in order to implement; assumes \$600 annual surcharge and 20%-50% fail to engage

² Represents gross savings; assumes \$100/\$200 single/family deductible added for all active/pre-65 retiree medical plans (excluding POS) and \$50 per member deductible added to Medicaid plan (applies to hospital benefits only (Part A))

³ Requires legislative change; assumes 5% of enrollees migrate to 89% actuarial value plan with \$2,000/\$4,000 deductible (single/family), 80% coinsurance and \$1,000/\$2,000 HSA seed; FY20 savings assume six months of savings due to 1/1/20 implementation date; full replacement savings assume all active/pre-65 retiree plans convert to HSA plan except POS

⁴ Will require legislative change in order to implement; assumes \$600 annual surcharge and 10% of tobacco users self-report

GHIP long term health care cost projections

Closing the funding gap

In order to avoid a funding shortfall in FY20, the State must adopt a combination of new savings initiatives and premium increases

- Holding premium rates flat in FY19 has a compounding effect in future years
- Potential options for immediate consideration:
 - Increase premiums to mitigate the member impact of initiatives required to avoid future funding deficits – premium increases not limited to a 7/1 effective date
 - 2% increase annualized over 12 months is \$16.3M
 - If implemented effective 1/1/2019 – generates \$8.2M additional revenue in FY19 and \$16.3m in FY20
 - **Changes GHIP projected FY20 deficit from \$61.8m to \$37.3m**
- Potential option for FY20:
 - 5% premium increase and SEBC approval of illustrative future savings initiatives totaling \$20m¹ effective 7/1/2019
 - **Changes GHIP projected FY20 deficit from \$61.8m to \$15.3m – illustrated on the following slide**

¹ \$20m savings number included as illustrative figure – programs on previous page (i.e., engagement surcharge, cost transparency tools) would need to be further designed before actual savings can be estimated

GHIP long term health care cost projections

Sample savings opportunities for FY20

GHIP Costs (\$ millions)	FY17 Actual	FY18 Recast Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected
Average Membership	123,132	124,613	124,613	124,613	124,613	124,613	124,613
GHIP Revenue							
Premium Contributions (No Change)	\$799.0	\$815.0	\$815.0	\$815.0	\$815.0	\$815.0	\$815.0
2020-2023 Rate Action + 5% annual premium increase ¹	-	-	-	\$40.8	\$81.6	\$122.4	\$163.2
Other Revenues ²	\$81.6	\$83.5	\$86.9	\$91.2	\$95.8	\$100.6	\$105.6
Total Operating Revenues	\$880.6	\$898.5	\$901.9	\$947.0	\$992.4	\$1,038.0	\$1,083.8
GHIP Expenses (Claims/Fees)							
Operating Expenses	\$816.8	\$872.3	\$937.3	\$984.3	\$1,032.5	\$1,084.1	\$1,137.3
% Change Per Member		5.5%	7.5%	5.0%	5.0%	5.0%	5.0%
Future savings initiatives ³	-	-	-	(\$20.0)	(\$21.0)	(\$22.1)	(\$23.2)
Excise Tax Liability ⁴	-	-	-	-	-	\$9.1	\$16.3
Adjusted Net Income (Revenue less Expense/Excise Tax)	\$63.8	\$26.2	(\$35.4)	(\$17.3)	(\$19.1)	(\$33.1)	(\$46.6)
Balance Forward	\$38.9	\$102.7	\$128.9	\$93.5	\$76.2	\$57.1	\$24.0
Ending Balance	\$102.7	\$128.9	\$93.5	\$76.2	\$57.1	\$24.0	(\$22.6)
- Less Claims Liability ⁵	\$54.0	\$58.9	\$63.3	\$65.1	\$68.3	\$72.3	\$76.3
- Less Minimum Reserve ⁵	\$24.0	\$24.0	\$25.7	\$26.4	\$27.7	\$29.3	\$30.9
GHIP Surplus (After Reserves/Deposits)	\$24.7	\$46.0	\$4.5	(\$15.3)	(\$38.9)	(\$77.6)	(\$129.8)

¹ Includes State and employee/pensioner premium contributions and assumes premiums increase by 5% annually for FY20-FY23. Increases GHIP revenue by \$408m over 4 years.

² Includes Rx rebates, EGWP payments, and other revenues. FY18 includes additional \$5.8m due to FY16 EGWP federal reinsurance reconciliation timing.

³ Assumes SEBC approval of future savings initiatives (e.g., surcharges, plan design changes) totaling \$20m in FY20, increasing with 5% trend thereafter

⁴ 40% excise tax on the value of employer sponsored health care coverage over specified thresholds starting CY 2022. Threshold assumed to increase at 2% annually.

⁵ FY18 Claims Liability and FY19 Minimum Reserve levels updated with data through December 2017. Future years assumed to increase with overall GHIP expense growth.

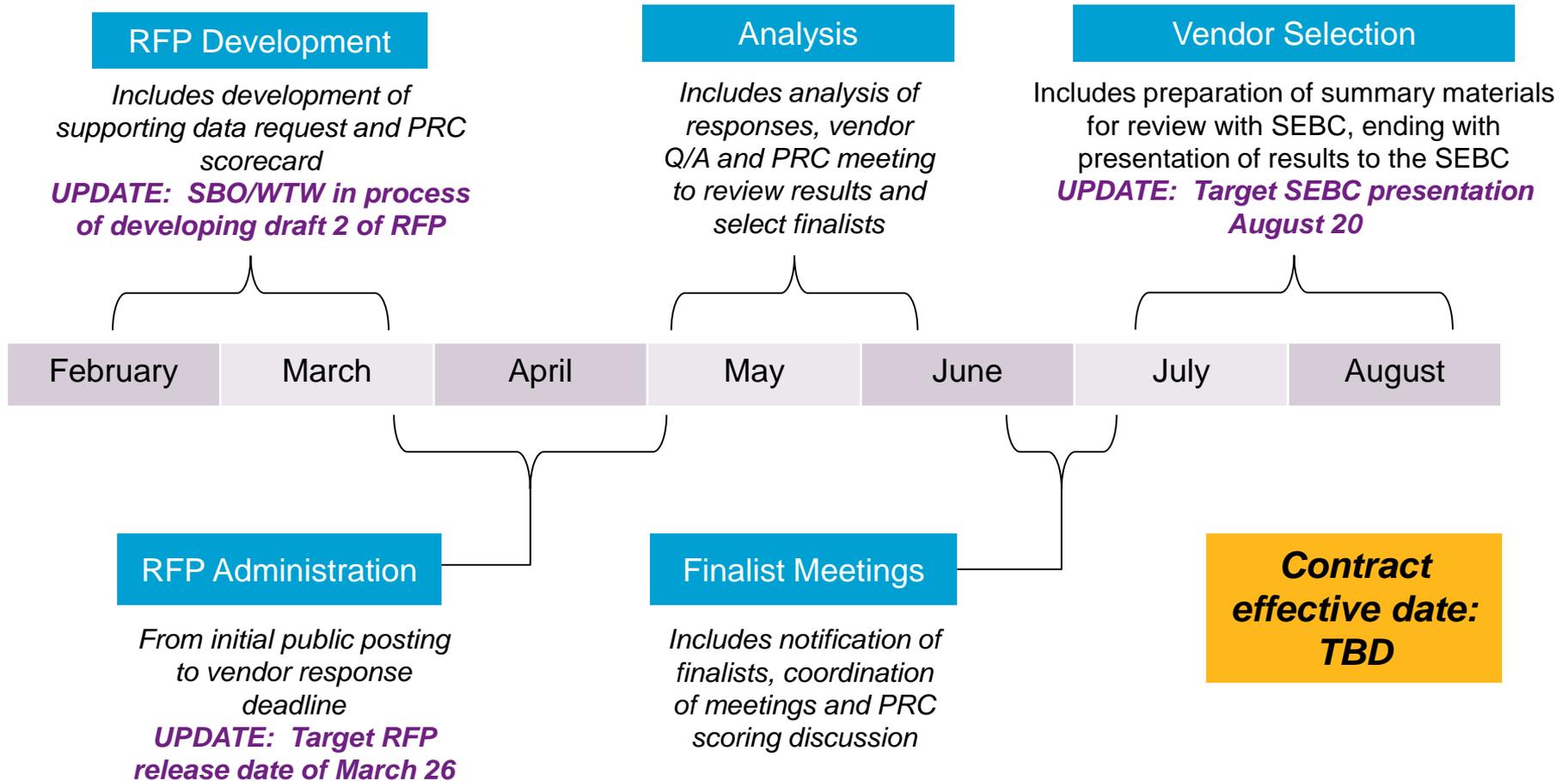
Decisions for Vote Today

- Maintain current rates for July 1, 2018
- Continue discussion on future initiatives and premium changes to mitigate FY20 deficit

COE RFP update

Center of Excellence request for proposal timeline

Updated to reflect recent activity



Next steps

- Continue with FY19+ planning process

Appendix

Reforcasted FY18 and FY19 Budget
Program Influencing Levers
COE RFP Planning Summary

Health care budget projections

FY18 recast and FY19 projection (as presented at 12/11/17 SEBC meeting)

- At 12/11/17 SEBC meeting, Willis Towers Watson presented GHIP financial projections based on updated claims experience through September 2017 (FY18 Q1)
- \$790.2M projected FY18 cost based on experience through Q1 represents a 1.1% decrease compared to original FY18 budget (\$798.7M) approved 8/21/17 by SEBC, primarily driven by favorable claims experience in Q1 FY18
- FY18 budget recast through Q1 resulted in \$7.5M GHIP surplus (after reserves/deposits) through FY19, assuming no additional program changes for FY19 and beyond

Health care budget projections

FY18 Q1 update – no program changes (as presented at 12/11/17 SEBC meeting)

GHIP Costs (\$ millions)	FY17 Actual	FY18 Recast Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected
Average Membership	123,132	124,258	124,258	124,258	124,258	124,258	124,258
GHIP Revenue							
Premium Contributions (No Change) ¹	\$799.0	\$813.7	\$813.7	\$813.7	\$813.7	\$813.7	\$813.7
Other Revenues ²	\$81.6	\$82.9	\$88.8	\$93.2	\$97.9	\$102.8	\$107.9
Total Operating Revenues	\$880.6	\$896.6	\$902.5	\$906.9	\$911.6	\$916.5	\$921.6
GHIP Expenses (Claims/Fees)							
Operating Expenses (No Change) ³	\$816.8	\$873.1	\$932.0	\$978.7	\$1,026.6	\$1,077.9	\$1,130.8
<i>% Change Per Member</i>		5.9%	6.7%	5.0%	5.0%	5.0%	5.0%
Excise Tax Liability ⁴	-	-	-	\$0.2	\$4.0	\$9.1	\$16.3
Adjusted Net Income (Revenue less Expense/Excise Tax)	\$63.8	\$23.5	(\$29.5)	(\$72.0)	(\$119.0)	(\$170.5)	(\$225.5)
Balance Forward	\$38.9	\$102.7	\$126.2	\$96.7	\$24.7	(\$94.3)	(\$264.8)
Ending Balance	\$102.7	\$126.2	\$96.7	\$24.7	(\$94.3)	(\$264.8)	(\$490.3)
- Less Claims Liability ⁵	\$54.0	\$59.5	\$63.4	\$66.5	\$69.9	\$73.6	\$77.6
- Less Minimum Reserve ⁵	\$24.0	\$24.0	\$25.8	\$27.0	\$28.4	\$29.9	\$31.5
GHIP Surplus (After Reserves/Deposits)	\$24.7	\$42.7	\$7.5	(\$68.8)	(\$192.6)	(\$368.3)	(\$599.4)

Note: FY17 Actual based on final June 2017 Fund Equity report.

¹ Includes State and employee/pensioner premium contributions and assumes no increase to premiums 7/1/2017 and beyond; premiums include 5% risk fee surcharge for participating non-State groups.

² Includes Rx rebates, EGWP payments and other revenues.

³ FY18 and FY19 based on claims data for the period 10/1/2015-9/30/2017 (24 months) weighted 35% earlier / 65% later period, ESI contract savings and savings from initiatives implemented 7/1/2017, 7.4% composite health care trend assumption, and enrollment as of September 2017. FY20-FY23 projected assuming 5% annual increase over FY19 (6% long term health care trend less 1% reduction). If 6% annual trend applied for FY20-FY23, projected GHIP deficit as of the end of FY23 increases from \$599.4m to \$707.6m

⁴ 40% excise tax on the value of employer sponsored health care coverage over specified thresholds starting CY 2020. Threshold assumed to increase at 2% annually.

⁵ FY18 Claims Liability and FY19 Minimum Reserve levels updated with data through September 2017. Future years assumed to increase with overall GHIP expense growth

Health care budget projections

FY18 recast and FY19 projection

- Willis Towers Watson updated GHIP financial projections based on updated claims experience through December 2017 (FY18 Q2)
- \$794.6M projected FY18 cost based on experience through Q2 represents a 0.6% increase compared to projected FY18 cost with experience through Q1 (\$790.2M) driven by the following factors:
 - Slight increase in GHIP headcount
 - Although FY18 Q2 ran favorably against budget, GHIP has historically experienced a dip in claim levels in the second quarter of fiscal year (FY16 Q2 and FY17 Q2)
 - WTW will continue to review emerging FY18 claims experience
- \$850.4M projected FY19 cost is a 7.0% increase over FY18 recast, and suggests a 4.8% increase in budget rates over current FY18 budget rates (if no surplus used to offset)
- FY19 projected cost reflects the impact of approved and proposed changes effective 7/1/18:
 - Expanded site-of-care steerage and COE: \$2M savings (**approved**)
 - Waive copay (\$0 copay) for all generic statins for members in a certain age range: \$286k additional cost (**proposed**)
 - Cover preventive 3D mammography at no cost to members: \$837k additional cost (**proposed**)

Note: See February 12, 2018 SEBC presentation for documentation of methodology and assumptions

Health care budget projections

FY18 recast and FY19 projection

Component	Description	Cost (\$M)	% Impact	Rate Action over FY18 Budget*
FY18 Projected Cost (Original Approved as of 8/21/2017)		\$798.7		
FY18 Projected Cost (Based on Recast through Q1)		\$790.2	-1.1%	
Claims Experience	Claims experience updated through FY18 Q2 compared to budgeted costs	\$2.0	0.3%	
Favorable Pharmacy Trend	Favorable Rx drug claims trend expected for FY18 only	(\$3.8)	-0.5%	
EGWP Payments	Represents decrease in expected FY18 EGWP revenue based on EGWP payments received through Dec 2017	\$4.0	0.5%	
Change in Headcount	Represents increase in expected FY18 claims due to increase in enrollment levels	\$2.2	0.3%	
FY18 Projected Cost (Recast)		\$794.6	0.6%	
FY18 Projected Cost (Recast) less one-time \$5.8m EGWP reconciliation		\$788.8		
Health Care Trend (Medical/Rx)	6.5%/10% Active and Pre-65 Retirees 3%/10% Medicare Retirees	\$63.0	7.9%	
Rx offsets	Represents increase in expected FY19 EGWP payments and pharmacy rebates	(\$6.3)	-0.8%	
SEBC approved design changes (effective 7/1/18)	Represents SEBC approved design changes for site-of-care steerage for imaging/outpatient lab and COE services	(\$2.0)	-0.3%	
Proposed design changes (to be voted on by SEBC for 7/1/18 effective date)	Represents GHIP cost increases associated with \$0 statin coverage and preventive 3D mammography	\$1.1	0.1%	
FY19 Projected Cost (Recommendation)		\$850.4	7.0%	4.8%

*FY18 aggregate budget of \$811.5m based on FY18 rates (excluding 5% risk fee surcharge for participating non-State groups) and December 2017 contracts

Health care budget projections

FY18 recast and FY19 projection – sensitivity analysis

- FY18 and FY19 projected costs are shown below under a range of reasonable assumptions, including varying weighting for the two experience periods and varying the health care trend factors

		Aggressive	Recommendation	Conservative
Vary the experience period	Key Assumption			
	Experience Period	1/1/17 – 12/31/17	1/1/16 – 12/31/17	1/1/16 – 12/31/17
	Experience Weighting (Prior Period / Current Period)	0% / 100% (most recent year only)	35% / 65% (2 years, emphasizes recent)	50% / 50% (2 years, even split)
	Active/Pre65 Trend (Med/Rx)	6.5% / 10%	6.5% / 10%	6.5% / 10%
	FY18 Aggregate Costs (Recast)	\$787.0M	\$798.5M	\$803.9M
	FY19 Aggregate Costs (Projected)	\$837.8M	\$850.4M	\$855.8M
	FY19 Overall % Change (vs FY18 Budget)	3.2%	4.8%	5.5%
	Key Assumption			
Vary the health care trend	Experience Weighting	35% / 65%	35% / 65%	35% / 65%
	Medical Trend – Active/Pre65	6%	6.5%	7%
	Medical Trend – Medicare	3%	3%	3%
	Pharmacy Trend	8%	10%	12%
	FY18 Aggregate Costs (Recast)	\$792.4M	\$798.5M	\$805.3M
	FY19 Aggregate Costs (Projected)	\$836.0M	\$850.4M	\$865.1M
	FY19 Overall % Change (vs FY18 Budget)	3.0%	4.8%	6.6%
	FY19 Overall \$ Change (vs FY18 Budget)	\$24.5M	\$38.9M	\$53.6M

Note: FY18 aggregate budget of \$811.5m based on FY18 rates (excluding 5% risk fee surcharge for participating non-State groups) and December 2017 contracts

Health care trend variability analysis

FY19 minimum reserve

FY19 Cost Estimate		
Variability Description	Lower Bound	Upper Bound
Expected Value (without margin)	\$850,430,000	
70% Confidence Interval	\$838,146,000	\$862,714,000
90% Confidence Interval	\$830,934,000	\$869,926,000
95% Confidence Interval	\$827,199,000	\$873,661,000
97% Confidence Interval	\$824,709,000	\$876,151,000

At the 97% confidence interval level, the upper bound is \$25.7M higher than the projected budget

- Health care trend variability analysis provides statistical confidence intervals to better quantify volatility and address risk tolerance concerns
 - Confidence intervals represent the probability that the budget estimate will fall between an upper and lower bound of a health care claims distribution
- During March 6, 2017 meeting, SEBC approved a motion to set minimum reserve based on upper bound of 97% confidence interval with intent to refresh amount annually

The above analysis is based on GHIP data available through FY18 Q2, current enrollment as of December 2017, decisions approved to date by the SEBC, and other pricing assumptions as outlined in this document. The estimated confidence intervals shown are directional and intended to reflect the potential random fluctuation in claim cost given the current size and risk profile of the GHIP. The model does not contemplate potential change in cost due to shifts in enrollment, demographics or morbidity of the population, unexpected changes in provider networks, or significant changes in regulations affecting the health care market.

Source: Willis Towers Watson Trend Variability tool including proprietary Health Care Claims Continuance table based on 2017 data

Claim liability as of 12/31/2017

- GHIP Claim Liability target is set based on the estimated incurred but not paid (“IBNP”) liability, calculated on a quarterly basis
- For the 12/31/2017 IBNP liability estimate, Willis Towers Watson updated the lag factors for each vendor (Aetna, Highmark, and ESI) as of 12/31/2017
 - Lag factors represent the average period of time between when a claim is incurred and then paid by the State, and were developed separately for Aetna, Highmark, and ESI based on data provided by each vendor
 - Lag factors are reviewed and updated annually
- Highmark and ESI average lag factors decreased slightly compared to prior factors, while Aetna’s lag factor increased from 12.3% to 13.9%
 - Aetna factor increase largely attributable to slower claim processing after 7/1/2017
 - Given that data for FY18 is still emerging, recommend reviewing Aetna’s lag factor in 6 months

Vendor	Revised Lag Factor	Prior Lag Factor
Highmark	0.98 months or 8.2%	1.01 months or 8.4%
Aetna	1.67 months or 13.9%	1.47 months or 12.3%
ESI	0.38 months or 3.2%	0.42 months or 3.5%

- Recommended Claim Liability is \$58.9M based on paid claims for the period 1/1/2017 – 12/31/2017 and the above lag factors

FY19 Proposed rates and contributions – No Change

Active and pre-65 retiree plans

	Proposed FY 2019			% Rate Change
	Rate	Employee/Retiree Contribution	State Subsidy	
First State Basic				
Employee	\$695.36	\$27.84	\$667.52	0.0%
Employee + Spouse	\$1,438.68	\$57.52	\$1,381.16	0.0%
Employee + Child	\$1,057.02	\$42.26	\$1,014.76	0.0%
Family	\$1,798.42	\$71.92	\$1,726.50	0.0%
Aetna CDH Gold				
Employee	\$719.68	\$35.98	\$683.70	0.0%
Employee + Spouse	\$1,492.22	\$74.58	\$1,417.64	0.0%
Employee + Child	\$1,099.56	\$54.96	\$1,044.60	0.0%
Family	\$1,895.74	\$94.78	\$1,800.96	0.0%
Aetna HMO				
Employee	\$725.94	\$47.16	\$678.78	0.0%
Employee + Spouse	\$1,530.58	\$99.50	\$1,431.08	0.0%
Employee + Child	\$1,110.52	\$72.18	\$1,038.34	0.0%
Family	\$1,909.82	\$124.12	\$1,785.70	0.0%
Comprehensive PPO				
Employee	\$793.86	\$105.18	\$688.68	0.0%
Employee + Spouse	\$1,647.34	\$218.26	\$1,429.08	0.0%
Employee + Child	\$1,223.46	\$162.08	\$1,061.38	0.0%
Family	\$2,059.40	\$272.86	\$1,786.54	0.0%
Port POS				
Employee	\$601.74	\$0.00	\$601.74	0.0%
Employee + Spouse	\$1,490.58	\$0.00	\$1,490.58	0.0%
Employee + Child	\$905.58	\$0.00	\$905.58	0.0%
Family	\$1,505.40	\$0.00	\$1,505.40	0.0%

FY19 Proposed rates and contributions – 2% Increase

Active and pre-65 retiree plans

	Proposed FY 2019			% Rate Change
	Rate	Employee/Retiree Contribution	State Subsidy	
First State Basic				
Employee	\$709.27	\$28.37	\$680.90	2.0%
Employee + Spouse	\$1,467.45	\$58.70	\$1,408.75	2.0%
Employee + Child	\$1,078.16	\$43.13	\$1,035.03	2.0%
Family	\$1,834.39	\$73.37	\$1,761.02	2.0%
Aetna CDH Gold				
Employee	\$734.07	\$36.70	\$697.37	2.0%
Employee + Spouse	\$1,522.06	\$76.10	\$1,445.96	2.0%
Employee + Child	\$1,121.55	\$56.07	\$1,065.48	2.0%
Family	\$1,933.65	\$96.68	\$1,836.97	2.0%
Aetna HMO				
Employee	\$740.46	\$48.13	\$692.33	2.0%
Employee + Spouse	\$1,561.19	\$101.48	\$1,459.71	2.0%
Employee + Child	\$1,132.73	\$73.62	\$1,059.11	2.0%
Family	\$1,948.02	\$126.63	\$1,821.39	2.0%
Comprehensive PPO				
Employee	\$809.74	\$107.29	\$702.45	2.0%
Employee + Spouse	\$1,680.29	\$222.64	\$1,457.65	2.0%
Employee + Child	\$1,247.93	\$165.35	\$1,082.58	2.0%
Family	\$2,100.59	\$278.33	\$1,822.26	2.0%
Port POS				
Employee	\$613.77	\$0.00	\$613.77	2.0%
Employee + Spouse	\$1,520.39	\$0.00	\$1,520.39	2.0%
Employee + Child	\$923.69	\$0.00	\$923.69	2.0%
Family	\$1,535.51	\$0.00	\$1,535.51	2.0%

Note: Employee/retiree contributions shown are subject to change due to rounding

FY19 Proposed rates and contributions – 4.8% Increase

Active and pre-65 retiree plans

	Proposed FY 2019			% Rate Change
	Rate	Employee/Retiree Contribution	State Subsidy	
First State Basic				
Employee	\$728.74	\$29.18	\$699.56	4.8%
Employee + Spouse	\$1,507.74	\$60.28	\$1,447.46	4.8%
Employee + Child	\$1,107.76	\$44.29	\$1,063.47	4.8%
Family	\$1,884.74	\$75.37	\$1,809.37	4.8%
Aetna CDH Gold				
Employee	\$754.22	\$37.71	\$716.52	4.8%
Employee + Spouse	\$1,563.85	\$78.16	\$1,485.69	4.8%
Employee + Child	\$1,152.34	\$57.60	\$1,094.74	4.8%
Family	\$1,986.74	\$99.33	\$1,887.41	4.8%
Aetna HMO				
Employee	\$760.79	\$49.42	\$711.36	4.8%
Employee + Spouse	\$1,604.05	\$104.28	\$1,499.77	4.8%
Employee + Child	\$1,163.82	\$75.64	\$1,088.18	4.8%
Family	\$2,001.49	\$130.08	\$1,871.41	4.8%
Comprehensive PPO				
Employee	\$831.97	\$110.23	\$721.74	4.8%
Employee + Spouse	\$1,726.41	\$228.74	\$1,497.68	4.8%
Employee + Child	\$1,282.19	\$169.86	\$1,112.33	4.8%
Family	\$2,158.25	\$285.96	\$1,872.29	4.8%
Port POS				
Employee	\$630.62	\$0.00	\$630.62	4.8%
Employee + Spouse	\$1,562.13	\$0.00	\$1,562.13	4.8%
Employee + Child	\$949.05	\$0.00	\$949.05	4.8%
Family	\$1,577.66	\$0.00	\$1,577.66	4.8%

Note: Employee/retiree contributions shown are subject to change due to rounding

GHIP influencing levers

Tactics for affecting change and “shrink the pie”

- Supply
- Demand

Key to Bullets:

- ✓ Recently addressed
- Current opportunity
- ❖ May require legislative change

- ❖ Employee cost share
- ❖ Dependent cost share
- ❖ Surcharges (e.g., tobacco)
- ❖ Contribution strategy (e.g. fixed subsidy defined contributions based on relative benefit value)

Plan Options

- ✓ Funding arrangement¹
- Consumer plan mix (HRA vs. HSA)
- Traditional vs. High Performing plans
- ❖ Number of plan options

Payroll Contribution⁵

Program Design⁵

- Deductible
- Coinsurance
- Copays
- Site-of-care steerage

- ✓ Administrative efficiency¹
- ✓ Physician and hospital networks (broad and narrow)¹
- ✓ Value-based care delivery
- ✓ Performance guarantees¹
- ✓ Rx formulary⁴
- Centers of Excellence
- Cost transparency tools
- ❖ Onsite/Near-site clinics

TPA Management

Health Management

- ✓ Telemedicine²
- ✓ Preventive care³
- ✓ Chronic conditions¹
- ✓ Disease management¹
- ✓ TPA/PBM Clinical Programs
- Wellness
- Expert advice
- Incentive strategies
- Health education

¹ Medical TPA RFP conducted in FY17.

³ Covered at 100% plan paid in network.

⁵ Tactics for affecting change in these categories may increase employee/pensioner share, with the goal of shrinking the pie overall

² Implemented effective 7/1/16.

⁴ Updated quarterly by Express Scripts.

Center of Excellence request for proposal

- WTW has been engaged to support the SBO in administering a Request for Proposal (RFP) to the marketplace associated with carve-out/third party Centers of Excellence (COE) vendors
- RFP questionnaire will include the following topics:
 - Qualitative section
 - Vendor experience
 - Vendor administrative capabilities
 - Member experience using the vendor's COE network
 - Vendor vision/plans for future of COE network for GHIP
 - Quantitative section
 - Vendor network
 - Vendor recommendations on optimal plan design to achieve desired utilization, quality outcomes and savings
 - Includes drivers of utilization such as shared savings, and travel/lodging benefit
 - Vendor cost (implementation and ongoing)
 - Vendor savings analysis